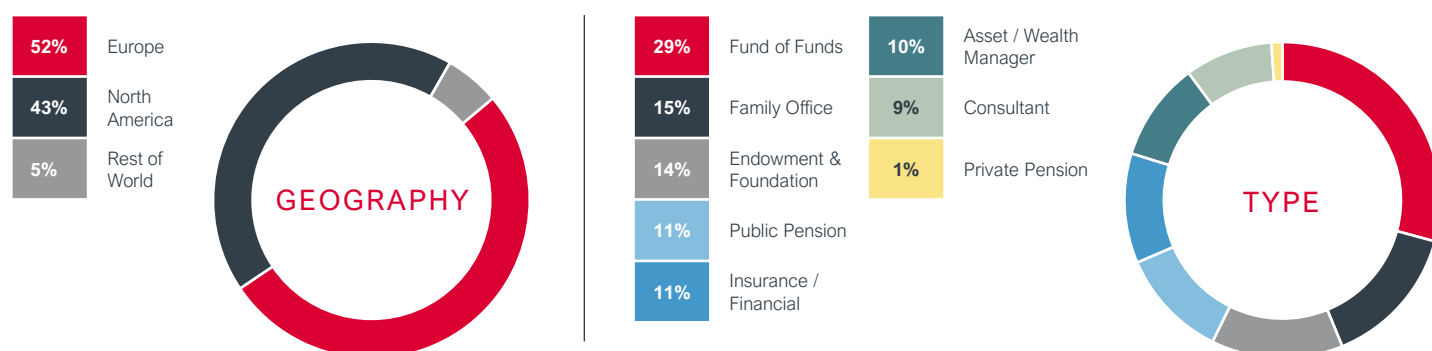


Rede Partners COVID-19 PULSE REPORT

Q3 2020 UPDATE
9th OCTOBER 2020

Rede Partners is providing its first periodic update since early July on LPs' responses to the unfolding COVID-19 crisis. This report is based on a series of questions addressed in conversations with 89 institutional investors from 3rd August – 5th October, representing > €3.5 trillion in AUM. Note that not all conversations addressed each question. Additional data on the respondents by LP type and geography is depicted below.

BREAKDOWN OF LIMITED PARTNERS SURVEYED (% COUNT)

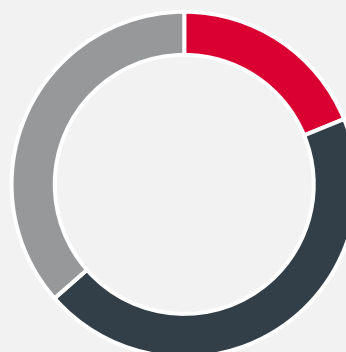
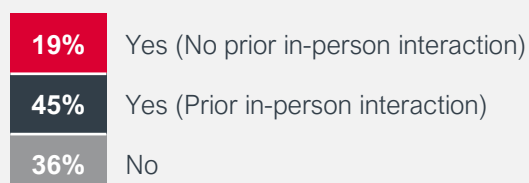


KEY FINDINGS FOR THE Q2 2020 UPDATE

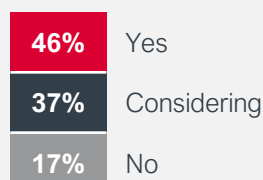
- ▶ **80% of LPs** surveyed anticipate **'normal' or 'above normal' deployment pacing** in 2021.
- ▶ In 2021, **46% of LPs believe they will allocate** to new General Partner relationships **without prior in-person interaction**, while 37% of LPs are still considering this approach.
- ▶ **37% of LPs expect to 'stay the course'** with respect to their allocation plans, while 23% have expressed increased interest in healthcare and 18% have expressed increased interest in technology.
- ▶ Despite initial concerns of COVID-19 impact on Q2 2020 valuations, driven by continued "zero revenue" or "impacted revenue" days, **70% of LP respondents witnessed a rebound in their private equity portfolios in Q2 2020** – with the majority indicating aggregate private equity performance up 0-10% over the quarter. This is in stark contrast to our report published on 4 May 2020, where 62% of LPs expected another step down in Q2 2020 and an aggregate decrease in their private equity portfolios of 11-25% in 1H 2020.
- ▶ When asked about the accuracy of Q2 valuations, **the majority of LPs (55%) said they were either "unsure," or did not believe these figures were an accurate representation** of Q2 valuations, given the challenges of accurately valuing businesses during unprecedented times. Nevertheless, most LPs anticipate Q3 2020 valuations to either remain steady (31%) or experience an uptick (29%).
- ▶ However, amid ongoing economic uncertainty, **70% of LPs felt that we haven't yet hit the low point in valuations** or were 'unsure.'
- ▶ Overall, LPs are remaining cautious despite sustaining strong Q2 2020 performance across both public and private markets. **45% of LP respondents are expecting a 0-10% decline in public equity markets during 2H 2020**, some of which we have witnessed in recent trading activity.
- ▶ There has been some favourable momentum in GP investment activity with **83% of LPs seeing deal activity pick up** across both platform and add-ons vs. earlier in the year. Nevertheless, there is still some price discrepancy between buyers and sellers and earnout provisions are reemerging as a popular deal term.

SPOTLIGHT ON VIRTUAL DILIGENCE

Q1: HAVE YOU MADE ANY NEW RELATIONSHIP INVESTMENTS IN THE POST-COVID ENVIRONMENT VIA VIRTUAL DD?



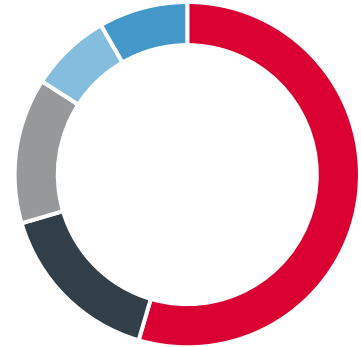
Q2: IN 2021, DO YOU EXPECT YOUR PROGRAM WILL INVEST IN ANY NEW GENERAL PARTNER RELATIONSHIPS INVESTMENTS WITHOUT ANY PRIOR IN-PERSON INTERACTION?



- ▶ In our report published on 3 April 2020, **54% of LPs were concerned about completing due diligence on a new General Partner relationship virtually**, even if there had been prior in person interaction.
- ▶ However, as 2021 allocations start to come into focus, **many LPs are re-evaluating their approach to virtual due diligence**, recognizing they may need to revisit internal processes in order to remain competitive.
- ▶ **19% of LPs** surveyed have already made new General Partner relationships **without prior in-person interaction**.
- ▶ In 2021, **46% of LPs** believe they will allocate to new General Partner relationships **without prior in-person interaction**, while 37% of LPs are still considering this approach.
- ▶ Nonetheless, **the bar will remain extremely high**. General Partners that have spent time establishing off-cycle LP relationships are expected to be better positioned during fundraising.

Q3: WHAT IS THE PERFORMANCE OF YOUR PRIVATE EQUITY PORTFOLIO IN Q2 2020 (FROM 3/31/2020 TO 6/30/2020)?

54%	Between 0 and +10%
16%	Greater than +10%
14%	Flat
8%	Between 0 and -10%
8%	Don't know yet



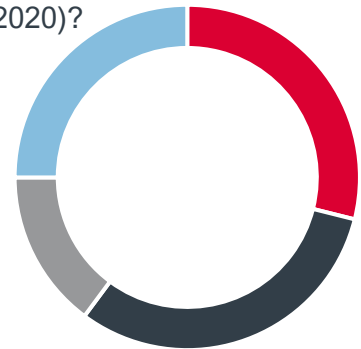
Q4: DO YOU VIEW THESE NUMBERS AS AN ACCURATE ASSESSMENT OF THESE COMPANIES' CURRENT PERFORMANCE?

45%	Yes
32%	No
23%	Unsure



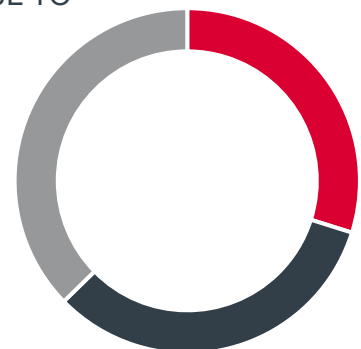
Q5: WHAT ARE YOUR EXPECTATIONS FOR YOUR PRIVATE EQUITY PORTFOLIO PERFORMANCE IN Q3 2020 (FROM 6/30/2020 TO 9/30/2020)?

29%	Up
31%	Flat
15%	Down
25%	Unsure



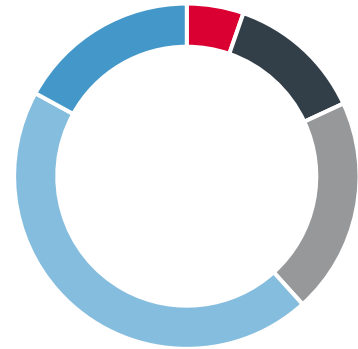
Q6: DO YOU THINK WE HAVE SEEN A 'LOW POINT' IN VALUATIONS (DUE TO THE FALLOUT FROM COVID)?

30%	Yes
33%	No
37%	Unsure



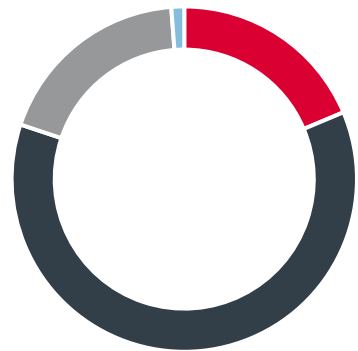
Q7: WHAT ARE YOUR EXPECTATIONS FOR PUBLIC EQUITY PERFORMANCE THROUGH THE BALANCE OF THE YEAR (FROM 6/30/2020 TO 12/31/2020)?

5%	Up (+10%)
13%	Up (<10%)
20%	Flat
45%	Down (<10%)
17%	Unsure



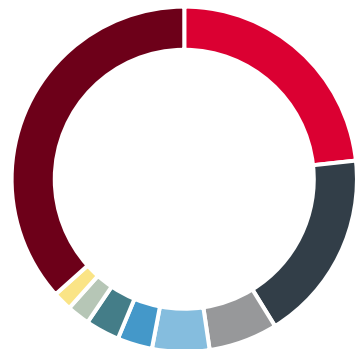
Q8: WHAT IS YOUR EXPECTATION FOR PRIVATE EQUITY PACING IN 2021?

19%	Higher than normal pacing
61%	"Normal" pacing (same as 2018 / 2019 deployment)
19%	Lower than normal pacing
1%	Other – unsure, will determine by year end



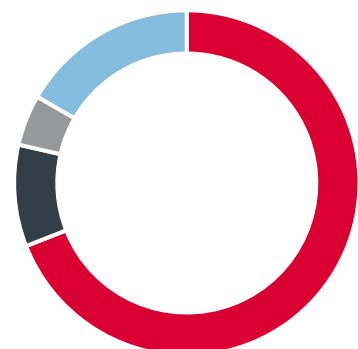
Q9: AS A RESULT OF COVID, WILL YOU TILT YOUR PRIVATE EQUITY EXPOSURE IN ANY PARTICULAR DIRECTION?

23%	More healthcare	2%	Less energy
18%	More tech	2%	Less "home" region
7%	Less consumer	37%	Other / No change
5%	More "home" region		
3%	More value-oriented		
3%	More growth-oriented		



Q10: ARE YOU STARTING TO SEE DEAL ACTIVITY PICK UP?

69%	Yes, add-ons and platforms
9%	Yes, platforms (ONLY)
5%	Yes, add-ons (ONLY)
17%	No



CONTACTS

Scott Church

scott.church@rede-partners.com
+1 (212) 224 8224

Alastair Baird

alastair.baird@rede-partners.com
+44 (0)20 7952 2467

Alexandra Bazarewski

alexandra.bazarewski@rede-partners.com
+1 (212) 224 8227

Gregoire Cailleux

gregoire.cailleux@rede-partners.com
+44 (0)20 7618 9848

Michael Camacho

michael.camacho@rede-partners.com
+44 (0)20 7952 2478

Joseph Chow

joseph.chow@rede-partners.com
+44 (0)20 7952 2464

Etiene Ekpo-Utip

etiene.ekpo-utip@rede-partners.com
+44 (0)20 7618 9835

Ian Flavell

ian.flavell@rede-partners.com
+1 (212) 224 8222

Adam Turtle

adam.turtle@rede-partners.com
+44 (0)20 7952 2488

Magnus Goodlad

magnus.goodlad@rede-partners.com
+44 (0)20 7952 2477

Hylke Hertoghs

hylke.hertoghs@rede-partners.com
+44 (0)20 7952 2472

Helen Jenkins

helen.jenkins@rede-partners.com
+44 (0)20 7952 2485

Gabrielle Joseph

gabrielle.joseph@rede-partners.com
+44 (0)20 7952 2480

Marina Jovanovic

marina.jovanovic@rede-partners.com
+44 (0)20 7952 2471

Sonya Kalmin

sonya.kalmin@rede-partners.com
+1 (212) 224 8229

Claudia Levan

claudia.levan@rede-partners.com
+44 (0)20 7952 2465

Kristina Widegren

kristina.widegren@rede-partners.com
+44 (0)20 7952 2463

Sabrina Malpas

sabrina.malpas@rede-partners.com
+44 (0)20 7952 2473

Chris Miller

chris.miller@rede-partners.com
+44 (0)20 3019 7436

Julie Prewer

julie.prewer@rede-partners.com
+44 (0)20 7952 2479

Charles Savinar

charles.savinar@rede-partners.com
+1 (212) 224 8232

Jeremy Smith

jeremy.smith@rede-partners.com
+44 (0)20 7618 9843

James Varela

james.varela@rede-partners.com
+44 (0)20 7952 2476

Matthew Zuckerman

matthew.zuckerman@rede-partners.com
+1 (917) 913 3561

Rede Partners LLP is a limited liability partnership registered in England and Wales with registered office at **110 Park Street, London W1K 6NX** (Registered No. OC361093). Rede Partners LLP is authorised and regulated by the Financial Conduct Authority in the U.K.

Rede Partners (Americas) LLC is a limited liability company registered in Delaware with registered office at **Suite 2601, 45 Rockefeller Plaza, New York 10011**. Rede Partners (Americas) LLC is a registered broker-dealer with the U.S. Securities and Exchange Commission and various U.S. state securities administrators and is a member in good standing of FINRA and the Securities Investor Protection Corporation. Check the background of this firm on [FINRA's BrokerCheck](#).

Learn more at www.rede-partners.com.

IMPORTANT DISCLAIMER

ADDRESSEE ONLY: This document (the “**Document**”) is issued by Rede Partners LLP (“**Rede**”) and provided to you on a confidential basis. This Document is proprietary to Rede and is for the confidential use of only those persons to whom it is transmitted (and is not to be reproduced, distributed or used for any other purposes). Each recipient of this Document, by accepting delivery of this Document, is deemed to have agreed not to reproduce, distribute or use information contained within this Document or otherwise disclose any of its contents without the prior written consent of Rede.

ACCURACY: The information in this Document has not been audited or verified by any third party and is subject to change at any time, without notice. It is not intended to amount to advice on which you should rely. Neither Rede, its affiliates nor any of their respective directors, officers, employees, partners, shareholders or agents (each, a “**Rede Party**”) accept any responsibility for, nor make any representation or warranty, express or implied, as to the truth, accuracy or completeness of the information contained in this Document. Certain information contained herein is based on or obtained or derived from third parties which may vary over time (“**Third Party Information**”). While such sources are believed to be reliable, no Rede Party assumes any responsibility for the accuracy of any Third-Party Information. No Rede Party shall have any liability or responsibility arising from any use of or reliance placed on the content of this Document to any recipient of this presentation or any other person. Unless otherwise specified herein, this Document speaks as of the date set forth on the cover. The delivery of this Document shall not, under any circumstances, create any implication that the information contained herein is correct as of any time after that date.

Copyright © 2020 Rede Partners LLP. All rights reserved.